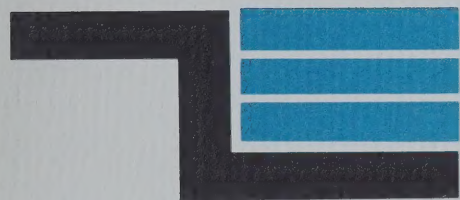


AR02



ZENITH ELECTRIC SUPPLY LIMITED

1969 ANNUAL REPORT



ZENITH ELECTRIC SUPPLY LIMITED

HEAD OFFICE

185 Bridgeland Avenue, Toronto 19, Ontario

DIRECTORS

William J. Bushnell, C.A.	John B. W. Carmichael	Dr. James D. Fleck
George R. Gardiner	Dr. James M. Gillies	Hugh B. Hall
Walter Jamieson	David S. Rattray	

OFFICERS

George R. Gardiner	Chairman of the Board
Walter Jamieson	President and Chief Executive Officer
Donald G. Wilkes, C.A.	Secretary-Treasurer

TRANSFER AGENT

Canada Permanent Trust Company, Toronto, Ontario

AUDITORS

Campbell, Lawless & Punchard, Toronto, Ontario

LEGAL COUNSEL

McCarthy and McCarthy, Toronto, Ontario

BANKERS

The Royal Bank of Canada

SHARES OUTSTANDING

There are 1,251,254 outstanding shares of Zenith listed for trading on the Toronto Stock Exchange. Ticker abbreviation ZES.

SUBSIDIARIES

MASCO ELECTRIC COMPANY LIMITED	ZENTRONICS LTD.
ZENITH ELECTRIC SUPPLY (ONTARIO) LIMITED	ZENTRONICS (EASTERN) LTD.
ATLAS WHOLESALE RADIO INC.	ETR SUPPLY CO. LTD.
CARDALE INVESTMENT CORPORATION	



ZENITH ELECTRIC SUPPLY LIMITED

To the Shareholders:

Your Board of Directors wish to report for 1969 a net profit of \$255,245 after provision for income taxes—an increase of 15% over 1968.

(The year 1969 was most difficult due to the prolonged construction strikes in Metropolitan Toronto and other centres.) Inflation and tight condition in the money markets helped cause higher interest rates which brought new problems to our Industry that were alleviated in your Company by economies initiated last year and in previous years.

2 (The move of the electronics division from Orfus Road to Bridgeland was completed during the spring of 1969 and this step, coupled with various other changes, should have a favourable bearing on profits during 1970 and in the future.

It is difficult to forecast 1970 due to the many factors exercising a push-pull effect in the general economy. However, the forecast by all electric utilities of substantial increases in power consumption should assist in keeping your Company in a profitable position through the year, supplying the materials required for increased loads.) The electronic industry is becoming more and more involved in automation, and your Company is fortunate to be in a position to benefit from this trend.

WALTER JAMIESON
President



ZENITH ELECTRIC

(Incorporated under the laws of the Province of Ontario)

CONSOLIDATED

Balance Sheet
(with comparative figures for 1968)

ASSETS

CURRENT

	1969	1968
Cash.....	\$ 6,860	\$ 6,760
Accounts receivable (after allowance for doubtful accounts).....	3,948,123	3,580,911
Inventories of merchandise valued at the lower of cost and market.....	4,097,858	3,984,667
Prepaid expenses and deposits.....	19,930	30,900
Total current assets.....	8,072,771	7,603,238

FIXED, at cost

Land and buildings.....	\$128,030	128,030
Equipment, furniture and fixtures.....	661,631	634,465
Automobiles and trucks.....	17,340	11,393
	807,001	773,888
Less accumulated depreciation.....	582,111	546,984
	224,890	226,904
Alterations to leased premises less amortization.....	158,996	70,231

OTHER

Special federal refundable tax.....	9,874	12,787
Investment in shares of subsidiaries in excess of book value of net assets at date of acquisition.....	156,906	156,906
	<u>\$8,623,437</u>	<u>\$8,070,066</u>

Approved on behalf of the Board

George R. Gardiner, Director

Walter Jamieson, Director

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Zenith Electric Supply Limited as at December 31, 1969 and the statements of profit and loss, earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 3, 1970

Campbell, Lawless & Punchard
Chartered Accountants

SUPPLY LIMITED



the laws of Ontario)

BALANCE SHEET

31, 1969
figures for 1968)

LIABILITIES

CURRENT

	1969	1968
Bank advances (secured).....	\$2,802,601	\$2,361,799
Accounts payable and accrued charges.....	1,635,661	1,699,437
6½% Serial Debentures—instalment due March 15, 1970.....	100,000	100,000
Income taxes payable.....	15,476	12,866
Total current liabilities.....	<u>4,553,738</u>	<u>4,174,102</u>

LONG-TERM DEBT

6½% Serial Debentures due in equal annual instalments, March 15, 1971 to 1973 inclusive, secured by a floating charge on the assets of the companies.....	300,000	400,000
Mortgages payable.....	16,636	19,746

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 1)

Authorized

1,750,000 shares without par value

Issued and outstanding

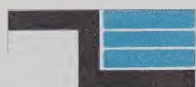
1,245,254 shares (1968-1,233,254)..... \$1,316,882

EARNED SURPLUS..... 2,436,181

3,753,063	3,476,218
<u>\$8,623,437</u>	<u>\$8,070,066</u>

NOTES TO FINANCIAL STATEMENTS

1. The Company had in force during the year a share option plan for the President of the Company. Under the plan 12,000 shares at \$1.80 a share were issued during 1969. At the year end an option to purchase 18,000 shares at \$1.80 a share was outstanding, it being exercisable in the years 1970 to 1972 inclusive.
2. The provision for taxes on income for the year 1969 has been reduced by approximately \$112,700 as a result of carrying forward losses incurred by certain of the companies in prior years.
3. The aggregate direct remuneration paid or payable by the companies to the directors and senior officers for the year 1969 was \$145,270.
4. Sales and gross operating revenue of the companies in the year ended December 31, 1969 increased over 1968 by 3.73% and .84% respectively, and decreased from the average of the five years 1964 to 1968 inclusive by 3.97% and 7.84% respectively.



ZENITH ELECTRIC SUPPLY LIMITED

CONSOLIDATED PROFIT AND LOSS

year to December 31, 1969

	1969	1968
Net operating profit before the following deductions.....	\$ 468,295	\$ 386,634
Provision for depreciation and amortization.....	74,416	60,241
Provision for bad debts.....	90,306	42,819
	<u>164,722</u>	<u>103,060</u>
Profit before taxes on income.....	303,573	283,574
Provision for taxes on income (Note 2).....	48,328	61,673
Net profit for the year.....	<u>\$ 255,245</u> ✓	<u>\$ 221,901</u> ✓

CONSOLIDATED EARNED SURPLUS

year to December 31, 1969

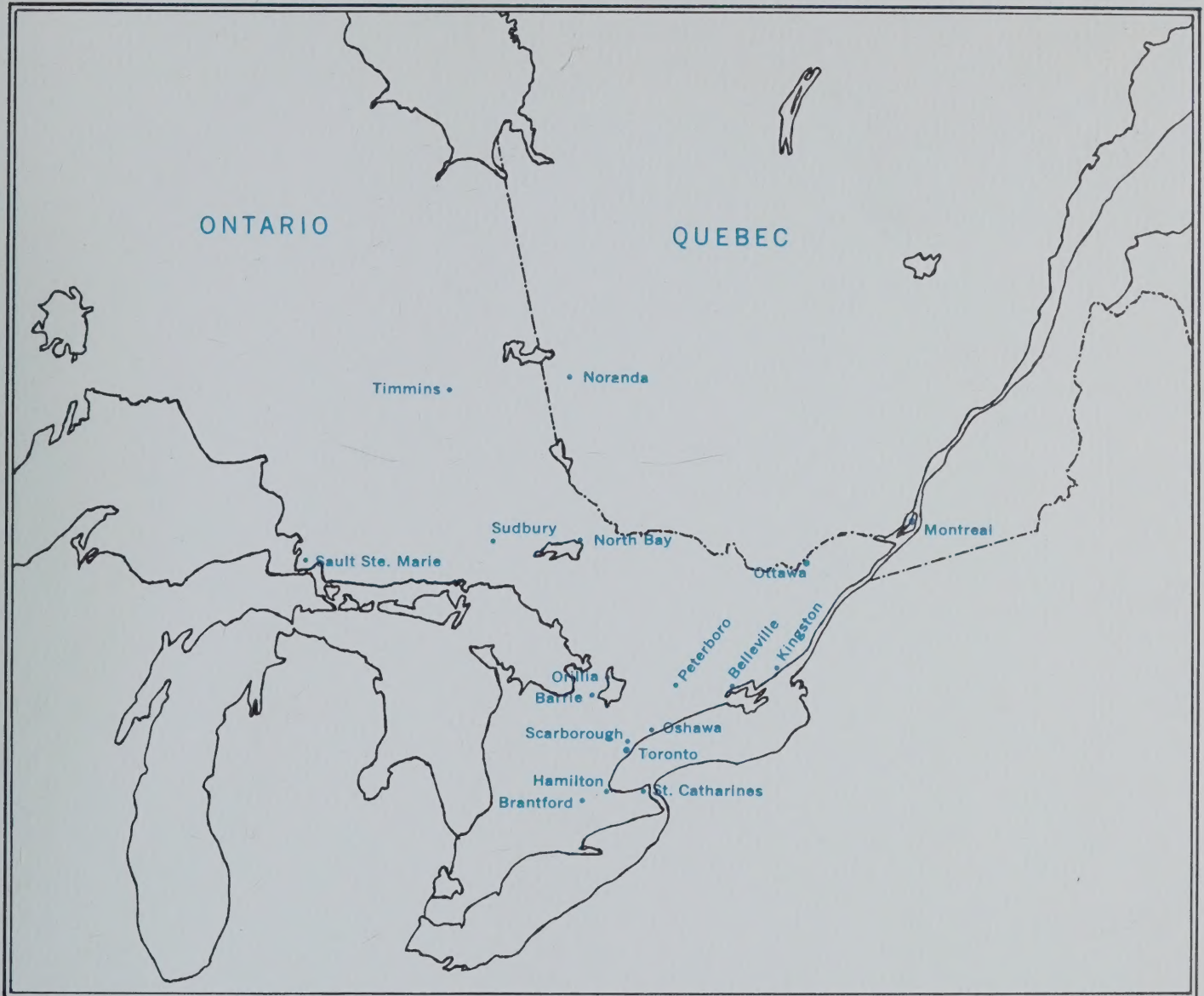
	1969	1968
Balance at beginning of year.....	\$2,180,936	\$1,959,035
Add net profit for the year.....	255,245	221,901
Balance at end of year.....	<u>\$2,436,181</u>	<u>\$2,180,936</u>

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

December 31, 1969

	1969	1968
SOURCE		
Net profit for the year.....	\$ 255,245	\$ 221,901
Add—Provision for depreciation and amortization.....	74,416	60,241
—Sale of capital stock.....	21,600	12,000
—Repayment of federal refundable tax.....	2,913	—
	<u>354,174</u>	<u>294,142</u>
APPLICATION		
Purchases of fixed assets and alterations to leased premises.....	161,167	22,604
Payment of federal refundable tax.....	—	1,979
Repayment on serial debentures.....	100,000	100,000
Reduction of mortgage principal.....	3,110	2,975
	<u>264,277</u>	<u>127,558</u>
Increase in working capital.....	<u>\$ 89,897</u>	<u>\$ 166,584</u>

WAREHOUSE LOCATIONS IN ONTARIO AND QUEBEC



Electrical Products Distributed

The Zenith – Masco – Thomas group of Companies

Wiring devices, wire and cable, conduit, small appliances, industrial and commercial lighting, residential lighting, motor controls, electric heating equipment, pole line hardware, alarm systems and solenoid valves.

Barrie • Brantford • Hamilton • Kingston • Orillia • Oshawa
St. Catharines • Scarborough • Toronto 2B • Toronto 19

Electronic Products Distributed

The Zentronics – Johnson – ETR – Atlas group of Companies

Transistors, semi-conductors, electronic tubes, relays, micro switches, capacitors, resistors, transformers, timers, meters, voltage regulators and test instruments.

Barrie • Belleville • Hamilton • Kingston • Montreal • Noranda
North Bay • Ottawa • Peterborough • Sudbury • Sault Ste. Marie
Scarborough • Timmins • Toronto

